



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
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October 3, 2017

**Via ECF**

The Honorable John A. Gibney, Jr.  
United States District Court Eastern District of Virginia  
Spottswood W. Robinson III and Robert R. Merhige, Jr.  
Federal Courthouse  
701 East Broad Street  
Richmond, VA 2319

**Re:    SEC v. Robertson, et al, No. 3:16-cv-667 (E.D. Va.)**

Dear Judge Gibney:

I am counsel for plaintiff, Securities and Exchange Commission ("Commission"), in the above matter and write on behalf of the Commission and counsel for defendant Merrill Robertson. On August 28, 2017, following the criminal conviction of defendant Robertson in *U.S. v. Robertson*, 16-cr-00133, the Court lifted the stay in this civil case and returned the case to the active docket. (Docket No. 29.)

The Commission staff and defendant Robertson (through counsel) are engaging in settlement discussions. We request that the Court permit the parties 30 days to discuss settlement, before scheduling a Rule 16 conference and issuing a discovery schedule. (We note that the Commission staff does not have authority to bind the Commission to settlement and must submit a proposed settlement to the Commissioners for their consideration and approval.)

While the parties hope to be able to quickly reach an agreement on terms the Commission staff can recommend that the Commissioners approve, local counsel for defendant Robertson, Shulman Rogers, has represented that it may seek the Court's leave to withdraw from its representation of defendant Robertson. The Commission reserves the right to object to any such motion. However, the delay in scheduling a Rule 16 conference will also allow Shulman Rogers time to either resolve the issue necessitating its withdrawal or afford Mr. Robertson time to find replacement local counsel.

The other two defendants, Sherman Carl Vaughn and Cavalier Union Investments, are both unrepresented and have not answered the complaint. The Commission staff has reached out to defendant Vaughn regarding potential settlement. Today, the Commission staff has filed for default against Cavalier Union.

Respectfully submitted,

John V. Donnelly III

cc: Langston McFadden, Esq. (counsel for defendant Robertson)  
Allison Shealy, Esq. (counsel for defendant Robertson)  
Jay Hambrick, Esq. (U.S. Attorney's Office, Civil Division)  
John Bowers, Esq. (counsel for SEC)  
Defendant Sherman Carl Vaughn (via U.S. mail)